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**2002 Washington State
Consolidated Annual Performance
And Evaluation Report**

Prepared by

**The Department of Community,
Trade and Economic Development
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May 2003

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PURPOSE

Each year the State of Washington reports to the U. S. Department of Housing and Urban Development (HUD) and the public on its progress toward achieving the goals it has set in its Five-Year Consolidated Housing and Community Development Plan. The Plan outlines the strategies and objectives the state will pursue in order to meet the needs of low- and moderate-income persons in the state. This Consolidated Annual Performance and Evaluation Report (CAPER) specifically describes the use of funds provided by HUD under the Community Development Block Grant Program (CDBG), the HOME Investment Partnership, the Housing Opportunities for Persons with HIV/AIDS (HOPWA) Program, the Emergency Shelter Grant (ESG) Program, and the CDBG Supported Economic Development Loan Fund Programs. These programs, and the Consolidated Plan Requirements, are administered by the Department of Community, Trade and Economic Development (DCTED).

Information on other statewide housing and community development activities, such as those of the Washington State Housing Finance Commission, is also included.

This CAPER covers activities during the period from January 1, 2002 to December 31, 2002. It provides information on progress the state has made on the goals, strategies and initiatives that are part of the Consolidated Plan. Since the Plan itself covers a five-year period, it should be understood that while there may be progress made toward each goal over the past year, progress toward each strategy and Initiative might not occur in a given year.

Persons wishing to learn more about the Consolidated Plan will find more information at http://housing.oecd.wa.gov/unit.tpl?u_key=1001

PART 1.

EXECUTIVE SUMMARY & SELF-EVALUATION

The State has established the following five broad goals to pursue over the five-year period:

- ❑ Provide safe, decent, affordable housing, targeting households that earn up to 80 percent of the area median income.
- ❑ Promote housing opportunities that contribute to the development of healthy, sustainable communities.
- ❑ Affirmatively further fair housing in Washington State.
- ❑ Remove or mitigate negative effects of policies that serve as barriers to affordable housing.
- ❑ Enhance Coordination.

In spite of severe budgetary difficulties faced in the state as a result of reduced revenues from the economic downturn, the second year of the 2001-2005 Consolidated Plan witnessed progress on several specific strategies and initiatives that implemented these five goals. State support of most housing programs remained stable in 2002, a difficult feat in the face of the decreasing tax revenues available for discretionary programs. Federal assistance through the Department of Housing and Urban Development (HUD), Department of Energy (DOE), and state-funded assistance programs and initiatives, maintained the State's commitment to seek solutions to the needs of low- and moderate-income residents.

The Consolidated Plan covers the use of HUD funding under the Community Development Block Grant (CDBG), HOME Program, Housing for Persons with HIV/AIDS Grants (HOPWA) program and the Emergency Shelter Grants (ESG) Program. These programs create a strong platform from which the State carries out the objectives of the Plan (the State administers the CDBG & HOME Program in 33 of the 39 counties, serves 34 counties with the HOPWA Program and provides ESG assistance in 36 counties). Major contributions were made by other major Federal funding sources, including the Department of Energy's weatherization assistance and Low Income Housing Tax Credits programs. Over \$64 million in federal housing and community development assistance was utilized to support on-going programs and initiate a few new programs.

In its legal and financial role, the State is responsible for serving all 39 counties. State resources, allocated through eleven major housing and community development programs, again provided over \$320 million in 2002 to housing and community development activities throughout the state.

Major Accomplishments and Key Steps taken in 2002

MAJOR NEW DEDICATED HOUSING ASSISTANCE SOURCE CREATED

Following a broad-based effort to establish legislation that would create a new financial resource for county low-income housing trust funds accounts, the 2002 Washington State Legislature passed SHB 2060. SHB 2060 requires county auditors to charge a ten-dollar recording fee on all recorded documents, with the exception of those previously excluded from any fees. A key element of the new legislation is that it enables local governments to plan and coordinate critically needed housing assistance with this dedicated source of funds. A portion of the revenue from the fees is deposited into the Washington Trust Account (Housing Trust Fund) and will be utilized to support operation and maintenance costs of housing projects affordable to extremely low-income persons including special needs housing. DCTED developed guidelines on the state use of the funds and the county administration of the funds, provided technical assistance and worked with technical assistance providers to publicize the new resource. As revenues began to accumulate in the final months of 2002, counties met with building officials, housing developers and non-profit organizations to design their local programs and establish priorities and criteria for the allocation of the funds. At the end of the calendar year, only a limited amount of funds had accumulated; therefore the initial results of the legislation will be reported in the next CAPER.

FARMWORKER HOUSING INITIATIVE CONTINUES TO IMPROVE LIVING CONDITIONS

Continuing steps were taken to improve the living conditions of migrant farmers through development of partnerships between the state, local government, Federal funders, and local growers. The infrastructure improvement program for improving facilities used by migrant farmers entered its second year using HUD Rural Housing funds and a HUD CDBG set-aside. Partnerships with growers and non-profits resulted in the development of infrastructure supporting the construction of 149 beds of farmworker housing. Pilot projects and models were also completed in 2002. Following on the heels of the pilot migrant labor camp—established in Chelan County on a site leased from the County—a second camp was created in Oroville on land purchased by the state. A third pilot project was developed in Mattawa to demonstrate that several types of farmworker housing could be feasibly developed.

COORDINATION OF MAINSTREAM PROGRAMS FOR THE HOMELESS

The Washington State Policy Academy continued to meet in 2002 to refine initial strategies developed during the retreat held in the fall of 2001. These meetings were aimed at improving the delivery of "mainstream" programs to homeless families with children. Participation in the open meetings was expanded to involve other community leaders and advocates, program level state staff, and the Governor's Advisory Council on the Homeless. The groups met in both subcommittees and plenary sessions to establish objectives and strategies to be pursued over the next few years. Key results of the Policy Academy meetings included increased communication between DSHS and non-profit organizations and coalitions, as well as the integration of new directions for the updated Homeless Families with Children Plan. An additional effort to improve service delivery to low income and homeless persons was also initiated. Using a "No Wrong Door" model (clients needing services are able to access services and referrals no matter where they

enter the system), two DSHS Community Service Offices started pilot programs focused on an integrated multi-disciplinary approach to providing human services to individuals and families in need.

EXPANSION OF ASSISTANCE TO LOCAL AGENCIES TO REDUCE LEAD-BASED PAINT HAZARDS

The CDBG Lead-Based Paint Hazard Reduction Grants staff awarded a total of \$1,791,254 to 13 counties in one-time-only grants to fund training and certification of lead-based paint professionals, the purchase of equipment, and the implementation of lead-based paint interim controls in rehabilitation projects during 2002.

FUNDING INCREASES FOR SPECIAL NEEDS HOUSING

Funding to projects serving special needs populations increased to almost \$23 million in 2002, adding more than 2,100 new housing units. The Housing Trust Fund (HTF) continued to be the primary funding source for special needs housing projects, allocating over \$21 million.

FUNDS FOR HOMELESS HOUSING AND SERVICES EXPANDS TO NEAR RECORD LEVELS

Funds provided for people who are homeless—including the homeless with special needs—increased by 10% over 2001, to almost \$19 million. Additionally, DCTED and DSHS allocated funding to prevent the evictions of 9,241 families and 2,757 individuals in 2002, an equally important employment of strategies to reduce homelessness in the state.

NEW INITIATIVE TO PROVIDE HOUSING OPTIONS FOR HIGH RISK FELONS COMPLETES PLANNING PHASE

The Department of Corrections successfully completed the first stage of its new initiative to improve the coordination of the community reintegration process for high-risk offenders, including sex offenders and dangerously mentally ill offenders. Over a period of several months, a multi-disciplined committee of thirty key leaders, representing all geographical areas of the state, joined in a series of meetings to develop strategies and plans for a Partnership for Community Safety. Representatives included staff and program directors from three state agencies (DOC, DSHS and DCTED), housing developers, service providers, advocates for victims rights, the State Homeless Coalition, HUD staff and local law enforcement officials, among others. Further planning will continue into 2003 to establish pilot housing projects in communities to test the strategies of the plan, including the development of shelter protocols.

NEW RELOCATION ASSISTANCE LEGISLATION IMPLEMENTED

During 2002, DCTED held public hearings and prepared new codified regulations (WACs) for the implementation of a relocation assistance program that will assist mobile home owners who are forced to move from closing mobile home parks. This was a critical success especially since funds in the original relocation assistance program were completely expended by the end of 2002. A new revenue stream for the new program will be available starting in January 2003.

GROWTH MANAGEMENT ACT IMPLEMENTATION PROGRESSES

In 2002, a number of successes in implementing the goals of the Growth Management Plan were reported. First, the Puget Sound Regional Council reported that 82 percent of all permits for new housing units were issued within the region's designated urban growth areas. Second, several communities streamlined their permitting processes and eliminated unnecessary restrictions. Some examples at the local level of permit streamlining and regulatory reform include:

- ◆ The City of Tacoma guaranteed that developers will receive responses to their requests for commercial building permits in eight weeks or less – or they will receive their money back. Developers are partnered with an internal team that works on the project at every phase. The city had to give the money back on just two permits in 2002.
- ◆ The cities of DuPont and Sumner revised their development regulations to allow neotraditional development with narrow streets, increased densities, and alleys in the back of homes.
- ◆ The City of Mercer Island revised its Town Center design standards so new mixed-use projects were allowed to have additional height of buildings in exchange for quality design amenities, no density limitations, and a flexibility of design with options and choices for a wide variety of pedestrian amenities.

STATE SUPPORTS EFFORTS TO LIMIT PREDATORY LENDING IN SEATTLE/KING COUNTY

The State continued to work with the Seattle/King County Coalition for Responsible Lending to eliminate predatory lending practices. The Seattle/King County Coalition is representative of interested agencies, government entities, non-profits, and banking institutions who are committed to ending predatory lending practices. The Coalition spent 2002 developing specific goals for public education on issues of predatory lending. Consumer education packets and handbooks were widely distributed. Planning commenced for targeted media activities and workshop presentations for 2003.

Trends, Challenges and New Directions

CONTINUING ECONOMIC RECESSION STRAINS THE SOCIAL SAFETY NET

Budget deficits in the state widened as the economy continued to lose the vitality it had enjoyed in the 1990s. Counties, in particular, faced significant challenges as funding resources failed to support past levels, particularly in the field of public health services. The working poor found it more difficult to maintain their housing in 2002 as rents, utilities costs and sales prices continued to rise at rates faster than inflation. At the same time persons making less than \$20,000 per year paid an average of 15.7% of their incomes in taxes, as part of what a national study found was the most regressive tax system in the nation. Furthermore, the state continued to have one of the highest unemployment rates in the nation—which placed a further strain on resources as those who lost their jobs sought out social services. However, state funding devoted to affordable housing expanded by 12% to \$64 million in 2002, somewhat mitigating the extent of the recession. Most of the housing funds constructed new housing or rehabilitated housing; and the construction jobs created served to modify the loss of construction jobs in the state over the year. In examining the economic impact of the state's Housing Trust Fund during a three-year period (2000-2002), Glenn Crellin of the Washington Center for Real Estate Research found the HTF's direct economic activity of \$86,840,671 resulted in a total economic output of \$147,145,998 that represented 560 full-time equivalent jobs, and when multipliers were included a total of 1,217 full-time labor years of employment were produced.

DCTED REORGANIZES TO BETTER SERVE ITS CUSTOMERS

DCTED, the lead agency in housing and community development services in the state, reorganized in 2002 along functional lines to strengthen program expertise. Compliance responsibilities have been separated from the program management and technical assistance functions. In addition, the WorkFirst Program, a key component of employment-economic development strategies, has now been integrated with economic development programs. The new alignment allows staff to focus on a more limited set of responsibilities, providing improved stewardship of its resources.

STATE-SUPPORTED HOUSING CONFERENCES PLAY A KEY ROLE IN TRAINING AND PROVIDING INFORMATION

The state continued to provide financial support as a sponsoring partner to two annual statewide conferences, which have been increasing in stature and attendance over recent years. The state continued to partner with the Washington State Housing Finance Commission and the Low Income Housing Congress in sponsoring the Annual Housing Washington Conference. This three-day low-income housing conference attracted over 700 persons (up 40% from 2001), and featured a list of speakers with national prominence. DCTED also helps sponsor the Washington State Coalition for the Homeless Annual Homeless Conference. For the second year, a pre-conference Institute was added, making this a four-day conference. In addition, the State financially supported the Homeless Coalition Statewide Fall Forums, which focused on a theme of "Making systems work to successfully house people with multiple barriers." The forum, attended by more than 250 participants, was the third element of a two-year strategy to improve the knowledge and information base of local mental health services providers, housing developers and homeless providers. Its goal is to provide cooperative local efforts to create new permanent housing for homeless disabled persons.

THE STATE INITIATES NEW HOMELESS MANAGEMENT INFORMATION SYSTEM

In 2001, DCTED in-house staff developed a user-friendly Homeless Management Information System (HMIS). The development of the system provides both county homeless planning bodies and the state with information on the needs and characteristics of homeless persons served by—or requesting services of—homeless shelters and transitional housing facilities. In 2002, the system was placed on the state website for testing, and Thurston County piloted the system. Of interest, is that the state-developed HMIS system has been downloaded for potential use by several other communities around the nation. In addition, DCTED staff Co-Chaired a subcommittee of the Homeless Coalition, to develop statewide standards and definitions for HMIS systems in the state.

TECHNICAL ASSISTANCE TO SUPPORT DEVELOPMENT OR RETENTION OF AFFORDABLE HOUSING

Two efforts are of note: First, the state participated in review committees to assist Impact Capital—a non-profit technical assistance provider—in modifying guidelines that focus technical assistance resources on pre-development of housing and organizational development and capacity-building activities. The process resulted in strengthened decision-making processes to better target assistance in the rural areas of the state.

Second, substantial progress is being made in preventing the potential loss of federally-subsidized multi-family housing that has expiring contracts. As part of this effort, the state contracted with the Low Income Housing Network for early identification of subsidized housing that may be lost; and state staff has been participating in monthly telephone conference meetings with other organizations, to monitor the portfolio of assisted units, and to identify issues and work on solutions. These efforts contributed to non-profit organizations and Housing Authorities receiving \$2,361,455 during 2002 to preserve 637 units of HUD- and USDA-assisted housing, nearly a 50% increase over 2001 assistance.

PARTNERSHIPS AIMED AT EXPANDING HOUSING RESOURCES

DCTED continues to follow a strategy of encouraging and supporting partnerships aimed at improving coordination and expansion of housing resources. In addition to efforts (noted above) to develop partnerships between mental health providers and developers, state staff participates in the Sound Families Initiative of the Gates Foundation which partners philanthropic organizations with local homeless providers. In 2002 the state's Housing Trust Fund provided more than \$2 million for 5 Sound Families projects. Since its inception three years ago, 293 units of transitional housing for homeless families with children has been created through this unique partnership.